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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY FOR § OF THE
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

**TEXAS INDUSTRIAL ENERGY CONSUMERS' ERRATA TO THE
DIRECT TESTIMONY AND EXHIBITS OF BILLIE S. LACONTE**

Texas Industrial Energy Consumers ("TIEC") submits the following errata to the Direct Testimony and Exhibits of Billie S. LaConte:

Page 18, Line 4: Replace "private" with "self-".

Clean and redline errata pages are attached.

Respectfully submitted,

THOMPSON & KNIGHT LLP

/s/ James Z. Zhu

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**ATTORNEYS FOR TEXAS INDUSTRIAL
ENERGY CONSUMERS**

CERTIFICATE OF SERVICE

I, James Zhu, Attorney for TIEC, hereby certify that a copy of the foregoing document was served on all parties of record in this proceeding on this 17th day of May, 2021 by facsimile, electronic mail and/or First Class, U.S. Mail, Postage Prepaid.

/s/ James Z. Zhu

James Zhu

Self-Insurance Reserve

1 **Q PLEASE DESCRIBE SWEPCO'S REQUEST FOR A SELF-INSURANCE RESERVE.**

2 A SWEPCO is requesting a self-insurance reserve for catastrophic, major storms.
3 SWEPCO states that the cost of private insurance is significantly more expensive than
4 self-insurance.²⁷ The company is allowed to request a self-insurance reserve under
5 PURA § 36.064. The reserve would cover expenses for major storms for which
6 incremental expenses exceed \$500,000 for a single event.²⁸ Eligible costs exclude
7 capitalized costs and regular labor expenses.²⁹ The incremental O&M expense
8 associated with major storms will be charged to the reserve account.³⁰

9 **Q WHAT IS THE PROPOSED RATEMAKING TREATMENT OF THE RESERVE?**

10 A A positive balance in the catastrophe reserve would be treated as a reduction to rate
11 base. If the balance is negative, SWEPCO would treat it as a regulatory asset and
12 add it to rate base.

13 **Q WHAT IS THE AMOUNT OF THE PROPOSED SELF-INSURANCE RESERVE?**

14 A The total proposed target self-insurance reserve is \$3.6 million.³¹ SWEPCO is
15 proposing to recover \$890,000 per year over four years to fund the reserve.³² In
16 addition, SWEPCO is proposing to recover \$799,700 annually for storms with costs of

²⁷ Direct Testimony of Gregory S. Wilson at 12.

²⁸ Direct Testimony of Michael A. Baird at 13.

²⁹ *Id.* at 14.

³⁰ *Id.* at 13-14.

³¹ Direct Testimony of Gregory S. Wilson at 4.

³² *Id.*

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